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SUBJECT: MEDIA REACTION ON CAFTA, MAY 05, 2005

¶1. On 05/03 the evening television newscast "Hoy Mismo" on Channel 3 broadcast a statement by Melvin Redondo, CAFTA negotiator who said, "Central American and Dominican Republic presidents will visit certain U.S. communities in which there is still some opposition to CAFTA."

"With the non-approval of CAFTA in the U.S. the situation will become complex. We will have to seek alternatives in Honduras for the finalization on the Caribbean Basin in the next three years. Obviously it will not stimulate the investment and commerce in the country, and we believe it will be difficult to handle this situation."

¶2. On 05/05 the San Pedro Sula-based liberal daily "Tiempo" carried an op-ed by Pablo Rodas Martini, Director of the Regional Program 'Central America in the XXI Century in global economy,' entitled "Humorous critics against CAFTA." "Before NAFTA, criticisms were made, now it sounds funny to read them, because in most cases the U.S. critics sustain arguments opposed to our Central American ones. First: there is a contradiction because the critics say there will be unemployment in the U.S., others say Central America will suffer it. With NAFTA employment in both countries increased."

"Second: another contradiction with the commercial deficit. Both say they will suffer it. The statistics of the USITC show that the U.S. hasn't had deficits and Central America exported more than the imported."

"Third: contradiction in which agriculture has been affected. Historically Central America has had an important growth in its external commerce, including the U.S. CAFTA is a step forward to total openness. And Mexico is absolutely not the best reference in agriculture."

"Result: Central America's critics 0 vs. U.S. Critics 0."

Palmer